



October 7, 2016

Rictor Overlie, Secretary-Treasurer
SMART LU 556
PO Box 1327
Tenino, WA 98589

Case Number: 530-6009019
LM Number: 016444

Dear Mr. Overlie:

This office has recently completed an audit of SMART LU 556 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on September 16, 2016, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 556's 2015 records revealed the following recordkeeping violations:

1. General and Reimbursed Expenses

Local 556 did not retain adequate documentation for general and reimbursed expenses incurred by Local 556 totaling at least \$25,111.69. For example, expenses for postage, supplies, mileage, and food were not supported with a union record to support the expense.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Lost Wages

Local 556 did not retain adequate documentation for lost wage reimbursement payments to union officers. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 556 prepared payment vouchers that included lost wages but did not include the dates wages were lost, the rate of pay, the gross amount paid for the date, or a description of the union business conducted or the meeting/training attended.

During the exit interview, we discussed the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 556 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to SMART LU 556 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator